

**TELENATIONAL COMMUNICATIONS, INC.**

**REPORT OF MANAGEMENT ON  
COMPLIANCE WITH THE FEDERAL  
COMMUNICATIONS COMMISSION'S  
THIRD PAYPHONE ORDER**

**August 2, 2005**

## INDEPENDENT ACCOUNTANT'S REPORT

Board of Directors  
Telenational Communications, Inc.  
Omaha, Nebraska

We have examined management's assertion, included in the accompanying Report of Management on Compliance with the Federal Communications Commission's Third Payphone Order 03-235 that Telenational Communications, Inc. (the Company) complied with the requirements set forth in the Federal Communications Commission's Order 03-235 as of April 30, 2005. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the Company complied with the aforementioned requirements as of April 30, 2005, is fairly stated, in all material respects.

This report is intended solely for the information and use of Telenational Communications, Inc. as prescribed by the Federal Communications Commission Order 03-235 Appendix C section 64.1320(e) and is not intended to be, and should not be used by anyone other than these specified parties.

*Moss Adams LLP*

Spokane, Washington  
August 2, 2005

## **Report of Management on Compliance with the Federal Communications Commission's Third Payphone Order<sup>1</sup>**

Management of Telenational Communications, Inc. (Telenational) is responsible for complying with the requirements set forth in FCC 03-235 (Third Payphone Order) as of April 30, 2005.

Management has performed an evaluation of the Company's compliance with the requirements of the Third Payphone Order as of the date of this report. Based on this evaluation, we assert that the Company has complied with the requirements of the Third Payphone Order.

The Company complied with the requirements of this order in the following manner:

1. The Company has developed a system to identify and collect completed coinless access code or subscriber toll-free payphone calls to completion.  
The Company identifies completed coinless calls utilizing two parameters in accordance with industry standards as follows:
  - a. coinless calls with ANI II digit of 27 or 70; and
  - b. an answer supervision signal has been received.
2. The Company has designated persons within the Company and has contracted with Atlantax Systems, Inc. (Atlantax), a third-party payphone compensatory clearinghouse, to be responsible for tracking, compensating, and resolving disputes concerning completed payphone calls.
3. The Company has developed data monitoring procedures to track completed payphone records from call origination through the payphone compensation process.
4. The Company has established, internal protocols to ensure that any software, personnel and network changes do not adversely affect the Company's ability to track payphone call records.
5. The Company creates a quarterly compensable payphone call file by applying logic that matches call detail records against payphone identifiers and then against completed call data to identify and select compensable payphone call records.
6. The Company has developed procedures to provide a compensable payphone call file to Atlantax for purposes of creating the following required quarterly reports:

### **Completing Carrier Reports**

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<sup>1</sup> The "Third Payphone Order" refers to *In the Matter of The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Report and Order, released October 3, 2003, by the Federal Communications Commission (FCC). The requirement of the Third Payphone Order are set forth in the Appendix C of the above referenced Report and Order.

- a. A list of toll-free and access code numbers dialed from each of the payphone service provider's payphones and the Automated Number Identification (ANI) for each payphone;
- b. The volume of calls for each number identified in "a" above that were completed by the Company;
- c. The name, address, and phone number of the person or persons responsible for handling the Company's payphone compensation; and
- d. The carrier identification code (CIC) of all facilities-based long distance carriers that routed calls to the Company, categorized according to the list of toll-free and access code numbers identified in "a" above.

#### Intermediate Carrier Reports

- a. As of the date of the report, the Company operates a closed-network environment and as a result does not switch payphone originated calls to other facilities-based long distance carriers; therefore, the Company has no intermediate carrier reports to create.
7. The Company has developed and implemented procedures and controls through Atlantax to identify, respond to, and resolve disputes.
  8. The Company has developed and implemented controls around the payphone tracking process to ensure that errors are insubstantial.
  9. The Company has developed a process and business rules that accurately identify:
    - a. Payphone originated calls -
      - i. The Company identifies payphone originated coinless calls utilizing the following parameter in accordance with industry standards:
        1. coinless calls with ANI II digit of 27 or 70.
    - b. Completed payphone calls that are compensable to the payphone service providers -
      - i. Payphone calls that are compensable to the payphone service providers are identified as completed coinless calls utilizing two parameters in accordance with industry standards as follows:
        1. coinless calls with ANI II digit of 27 or 70; and
        2. an answer supervision signal has been received.
    - c. Payphone calls that are incomplete or otherwise non-compensable -
      - i. Incomplete payphone calls that are otherwise non-compensable to the payphone service providers are identified as coinless calls utilizing two parameters in accordance with industry standards as follows:
        1. coinless calls with ANI II digit of 27 or 70; and
        2. an answer supervision signal has not been received.
    - d. The payphone service providers to which the Company owes compensation.
      - i. The identity of the payphone service provider is determined by Atlantax, our third-party payphone compensatory clearinghouse, based on information from the Company's call records.

- ii. All information required to identify the payphone service provider is received and maintained by Atlantax, our third-party payphone compensatory clearinghouse.

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